

IRS News Release

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IRS and States Join Forces to Combat Money Laundering

IR-2006-70, April 27, 2006

WASHINGTON — The Internal Revenue Service announced today agreements with 33 states and Puerto Rico to begin sharing Bank Secrecy Act (BSA) information. The agreements will allow the IRS and the participating states to share information and leverage their resources to ensure that money services businesses (MSBs) are complying with their federal and state responsibilities to register with the government and report cash transactions and suspicious activities.

MSBs are non-bank financial institutions that provide certain financial services to their customers. Such businesses include currency exchangers, check cashers, issuers of traveler's checks or stored value cards, and money transmitters.

"We already work cooperatively with over 40 states to combat abusive tax shelters," said IRS Commissioner Mark W. Everson. "This new agreement will help the federal and state governments leverage resources while attacking illegal money laundering."

The IRS and participating states will share enforcement leads and coordinate their efforts to make sure they are doing all the Bank Secrecy Act examinations on MSBs as required by law without overlapping efforts. The agreements will also help the IRS and the states present a united compliance front to MSBs and their representatives.

"These agreements have ushered in an era of enhanced cooperation. Combining the expertise of the IRS with the supervision and examination of MSBs traditionally performed by state banking departments will produce greater results at lower cost," New York State Banking Department Superintendent Diana L. Taylor said. "Just as the IRS is able to leverage the expertise of state financial regulators, our own examination and compliance programs will benefit from access to their critical examination information."

"The states and the federal government need to share information to track the increasingly sophisticated activities of criminal organizations and others," Minnesota Commerce Commissioner Glenn Wilson said. "By establishing a method to report and track cash transactions, we will shed light on a currently little watched aspect of commerce."

Along with Puerto Rico, the following states have signed partnership agreements with the IRS: Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Nebraska, New Jersey, New York, North Carolina, Ohio, Oregon,

Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin and Wyoming.

Colorado, Hawaii, Montana, New Hampshire, New Mexico and Montana cannot enter into these agreements with the IRS because either state law prohibits them from doing so or they do not regulate the industry.

The information the IRS and the states may share under these agreements is limited to Bank Secrecy Act examination information, not tax information. The IRS has separate, long-standing agreements with the states for the exchange of tax information.

Additional information about money services businesses and the Bank Secrecy Act is available on irs.gov or the Financial Crimes Enforcement Network (FinCEN) Web site at www.fincen.gov.